

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re	:	
	:	Chapter 11
RANDALL'S ISLAND FAMILY GOLF	:	Case Nos. 00-41065 (SMB)
CENTERS, INC., <i>et al.</i> ,	:	through 00-41196 (SMB)
	:	(Jointly Administered)
	:	
Debtors.	:	
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**ORDER PURSUANT TO SECTIONS 105, 363, 365 AND 1146 OF THE  
BANKRUPTCY CODE AND BANKRUPTCY RULES 2002, 6004, 6006 AND 6007  
(A) AUTHORIZING AND APPROVING (I) THE SALE OF CERTAIN FEE-OWNED  
PROPERTIES, (II) THE SALE OF CERTAIN LEASE RIGHTS AND (III) THE SALE  
OF RELATED PERSONAL PROPERTY, FREE AND CLEAR OF LIENS, CLAIMS,  
ENCUMBRANCES, AND INTERESTS AND EXEMPT FROM ANY STAMP,  
TRANSFER, RECORDING OR SIMILAR TAX, AND (B) AUTHORIZING THE  
PAYMENT OF BROKERS' FEES IN CONNECTION WITH SUCH SALES**

Upon the Motion filed with the Court on July 19, 2000 (the "Motion"), of the above-captioned debtors and debtors-in-possession (the "Debtors") for entry of orders pursuant to sections 105, 363, 365 and 1146 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 6004, 6006 and 6007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") (I)(a) authorizing and approving (i) sale of certain fee-owned properties (the "Owned Properties"), (ii) assumption, sale and assignment of certain leasehold interests (the "Leases," and together with the Owned Properties, the "Properties"), and (iii) sale of related personal property (the "Personal Property," and collectively with the Properties, the "Assets"), free and clear of liens, claims, encumbrances, and interests (the "Encumbrances") and exempt from any stamp, transfer, recording or similar tax, (b) approving taxing authorities in the jurisdictions in which the Properties are located, and (viii) all potential purchasers identified by the Debtors and Keen Realty Consultants Inc.;

And it appearing that notice of the Motion was published in accordance with the Emergency Order;

And it appearing that no other or further notice of the Motion need be given;

And a hearing having been held on July 31, 2000 (the "Sale Hearing"), to consider the proposed sale of Assets, at which the Court established certain overbid procedures and a break-up fee (the "Overbid Procedures") in favor of the Purchaser (as defined below) and adjourned the Sale Hearing with respect to the sale of the Assets until August 14, 2000;

And the adjourned Sale Hearing having been held before this Court on August 14, 2000 to consider the proposed sale of the ~~Assets (including~~ Owened Property, the Personal Property and the sale to the Purchaser of the right to designate the assignee of the Leases (the "Lease Rights") ~~(hereinafter, the term "Assets" as used in this Order shall refer to the Owened Properties, the Personal Property and the Lease Rights)~~ pursuant to the terms and conditions of that certain Agreement of Sale dated as of August 1, 2000, and amended on August 14, 2000 (the "Sale Agreement"), among certain of the Debtors and Klak Golf, LLC (the "Purchaser") subject to higher and better offers, at which time all parties in interest were afforded an opportunity to be heard;

NOW, THEREFORE, the Court hereby finds as follows:

A. The relief requested in the motion is in the best interests of the Debtors, their creditors and their estates.

B. The terms of the Sale Agreement are fair and reasonable and the price to be paid pursuant to the Sale Agreement represents the highest and best offer for the Assets.

C. As the successful bidder, the Purchaser is not entitled to the break-up fee provided for in the Sale Agreement.

D. The Overbid Procedures afforded a full, fair and reasonable opportunity for any entity to make a higher and better offer to purchase the Assets.

E. ~~A~~ Except with respect to issues relating to the assumption and assignment of the Leases which have been reserved, a reasonable opportunity to object or be heard regarding the relief requested in the motion has been afforded to all interested persons and entities, including: (a) all parties, if any, who are known to claim interests in or liens upon the Assets; and (b) all governmental taxing authorities who have, or as a result of the sale of the Assets may have, claims, contingent or otherwise, against the Debtors in connection with the Debtors' ownership of the Assets.

F. ~~The Leases are assignable notwithstanding any provisions contained therein to the contrary and, should~~ Should the Purchaser elect to acquire or cause its designee to acquire any of the Leases pursuant to the Sale Agreement, the Purchaser or its designee will be required to provide adequate assurance (within the meaning of sections 365(b)(1) and 365(f)(2)(B) of the Bankruptcy Code) of future performance under the Leases. Issues regarding cure, or adequate assurance of a prompt cure, with respect to any and all defaults under the Leases, as well as issues regarding adequate assurance of future performance, that are not resolved consensually shall be submitted to the Court for resolution on no less than 10 days written notice by overnight mail to the respective landlord(s).

G. Approval of the Sale Agreement and consummation of the transaction at this time is in the best interests of the Debtors and their creditors. The Debtors have articulated good and sufficient business justification supporting the sale of the Assets to the Purchaser pursuant to sections 363 and 365 of the Bankruptcy Code.

H. The Debtors have full corporate power and authority to execute and deliver the Sale Agreement and all other documents contemplated thereby and to perform the transactions contemplated thereby; no consents or approvals, other than those expressly provided for in the Sale Agreement, are required for the Debtors to consummate the transactions.

I. The consideration to be paid by the Purchaser under the Sale Agreement constitutes adequate and fair value for the Assets under the Bankruptcy Code and under the laws of the United States, any state, territory or possession of the United States or the District of Columbia.

J. The Debtors have good title to the Assets, and accordingly, the transfer of such Assets pursuant to the Sale Agreement will be a legal, valid and effective transfer of the Assets, including the Leases.

K. The Sale Agreement was negotiated, proposed and entered into in good faith, from arm's length bargaining positions, by the Debtors and the Purchaser. The Purchaser is entitled to the protections of a good faith purchaser pursuant to section 363(m) of the Bankruptcy Code with respect to the transactions approved hereby.

L. The Assets may be sold pursuant to section 363(f) of the Bankruptcy Code, free and clear of any Encumbrance on or interest in the Assets held by an entity other than the estates of the Debtors.

M. The sale of the Assets is necessary to the Debtors' reorganization efforts and will be integral to any chapter 11 plan(s) proposed by the Debtors in these cases, and is deemed reasonably necessary to the consummation of any chapter 11 plan(s) pursuant to section 1146(c) of the Bankruptcy Code.

ACCORDINGLY, after due deliberation, and sufficient cause appearing therefor, it is hereby ORDERED that the Motion is granted to the extent provided below; and it is further ORDERED that any objections to the motion or the relief requested therein that have not been withdrawn, waived or settled, ~~and all reservations of rights included therein~~, are overruled on the merits, except with respect to issues relating to assumption, assignment, cure and adequate assurance with respect to the Leases; and it is further

ORDERED that the terms and conditions of the Sale Agreement are hereby approved, and the sale of the Owned Properties, the Personal Property and the Lease Rights pursuant to the Sale Agreement is hereby authorized under sections 363(b) and (f) of the Bankruptcy Code. The omission in this Order of specific reference to any provision of the Sale Agreement shall not impair or diminish the efficacy, propriety and approval of such provision, it being the intent of the Court that the Sale Agreement be authorized and approved in its entirety; provided, however, that any reference in the Sale Agreement to the lease of real property from Trotters' Glen Golf Course Limited Partnership, or located in Olney, Maryland, is hereby deleted; and it is further

ORDERED that the Debtors are authorized and directed to execute and deliver, and empowered to fully perform under, consummate and implement, the Sale Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Sale Agreement; and it is further

ORDERED that pursuant to section 363(f) of the Bankruptcy Code and Bankruptcy Rule 6004 and pursuant to the terms and conditions of the Sale Agreement, the Debtors be, and hereby are, authorized to sell the Assets free and clear of all Encumbrances, with all Encumbrances to attach to the proceeds of such sale in the order of their priority, with same validity, force and effect which they now have as against the Assets; and it is further

ORDERED that except as may be expressly permitted by the Sale Agreement, all persons and entities holding Encumbrances of any kind and nature with respect to the Assets of the Debtors are hereby barred from asserting such Encumbrances of any kind and nature against the Purchaser, its successors or assigns, or the Assets; and it is further

ORDERED that if any person or entity that has filed financing statements or other documents or agreements evidencing Encumbrances on the Assets shall not have delivered to the Debtors prior

to the Closing (in proper form for filing and executed by the appropriate parties), termination statements, instruments of satisfaction, releases of all Encumbrances that the person or entity has with respect to such Assets, the Purchaser hereby is authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to such Assets. The foregoing notwithstanding, the provision of this Order authorizing the sale and assignment of the Assets free and clear of Encumbrances shall be self-executing, and notwithstanding the failure of the Debtors, the Purchaser or any other party to execute, file or obtain releases, termination statements, assignments, consents or other instruments to effectuate, consummate and/or implement the provisions hereof or the Sale Agreement with respect to the sale and assignment of such Assets, all Encumbrances on such Assets shall be deemed released. All person or entities who are, as of the Closing, in possession of any of the Assets are hereby directed to surrender possession of such Assets to the Purchaser or its designee at the Closing (except to the extent the Sale Agreement or this Order expressly provides otherwise); and it is further

ORDERED that this Order shall be binding upon and govern the acts of all entities, including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, and all other persons or entities who may be required by operation of law, the duties of their office or contract to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report to or insure title or state of title in or to any of the Assets (including the Leases). Each and every federal, state and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Sale Agreement, including without limitation, documents and instruments for recording in any

governmental agency or department required to transfer to the Purchaser any and all licenses under the Debtors' ownership necessary for the operation associated with the Assets, and county and state offices wherein termination statements under the Uniform Commercial Code are authorized to be filed; and it is further

ORDERED that, in accordance with the Sale Agreement, the Purchaser shall have the right, at any time prior to and ending on October 9, 2000, to exercise the Lease Rights, and upon such exercise, the Debtors shall promptly seek an order of this Court (without the need to file a further motion seeking assumption and assignment but providing at least 10 days written notice by overnight mail of a hearing on such proposed assumption and assignment to the respective landlord(s)) authorizing and approving the assumption and assignment of the designated Leases to the Purchaser or its designee pursuant to sections 365 and 363 of the Bankruptcy Code, and which notice shall contain such documents as the Debtors or any intended assignee intend to rely upon at hearing with respect to the provision of adequate assurance of future performance, cure, and adequate assurance of prompt cure of any default; ~~and it is further~~

~~ORDERED that all cure obligations under the Leases shall be paid (i) from the gross proceeds of the sale of the Assets and (ii) in accordance with the provisions of an order of this Court authorizing the assumption by the Debtors of any such Lease; and it is further~~

ORDERED that the Purchaser or its designee shall have the burden of proof with respect to the issue of adequate assurance of future performance under the Leases, and the failure to meet that burden with respect to any or all of the Leases shall not effect the validity of the Sale Agreement, including the amount of money to be paid by the Purchaser to the Debtors pursuant to the Sale Agreement; and its further

ORDERED that, upon the assumption and assignment of any Lease, the Debtors shall have all the benefits and protections provided under section 365(k) of the Bankruptcy Code; and it is further

ORDERED that the Purchaser shall be entitled to rely upon the protections of Section 363(m) of the Bankruptcy Code; and it is further

ORDERED that this Court retains jurisdiction (i) to enforce and implement the terms and provisions of the Sale Agreement and all amendments thereto, any waivers and consents thereunder, and of each of the agreements (including all leases and subleases) executed in connection therewith, (ii) to resolve any disputes arising under or related to the Sale Agreement and (iii) to interpret, implement and enforce the provisions of this Order; and it is further

ORDERED that the Sale Agreement-and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment or supplement is not material and adverse to the Debtors or any party who received notice of the Motion; and it is further

ORDERED that in accordance with Bankruptcy Rule 6004(g), this order shall be effective and enforceable immediately upon entry; and it is further

ORDERED that, in accordance with paragraph 22 of the order of this Court dated June 2, 2000 (the "Final Financing Order"), all proceeds of the sale of the Assets shall (i) to the extent the Post-Petition Agent (as defined in the Final Financing Order) has a junior lien, be deposited into an interest-bearing account (the "Account") of the Debtors, and (ii) to the extent the Post-Petition Agent has a first lien, be (a) first, applied to the obligation owing under the Post-Petition Financing (as



defined in the Final Financing Order) and (b) second, deposited into the Account (the "Proceeds of Sale Procedures"); and it is further

ORDERED that the Debtors shall allocate a portion of the proceeds of the sale of the Assets to the Debtors' Flemington, New Jersey facility in at least the amount necessary to satisfy the lien(s) of Flemington Equities, VII with respect to such facility, to the extent such lien(s) is substantiated in accordance with the Final Financing Order; and it is further

ORDERED that the Debtors shall allocate a portion of the proceeds of the sale of the Assets to the Debtors' Quensbury, New York facility of at least the amount necessary to satisfy the lien(s) of Orix USA Corporation with respect to such facility, to the extent such lien(s) is substantiated in accordance with the Final Financing Order; and it is further

ORDERED that the transfer of the Assets shall be, and hereby is, deemed exempt from state and local transfer taxes pursuant to Section 1146(c) of the Bankruptcy Code or otherwise, and the recordation of any and all instruments to evidence the transfer shall not be subject to transfer, recordation, stamp or similar tax; and it is further

ORDERED that, subject to consummation of the transactions contemplated by the Sale Agreement, the Debtors are authorized to pay any brokers, fees that are incurred in connection with the sale of the Assets solely in accordance with and to the extent required by the agreement between Keen Realty Consultants Inc. and the Debtors, which agreement was approved by this Court on June 28, 2000.

Dated:           New York, New York  
                  August       , 2000

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UNITED STATES BANKRUPTCY JUDGE